

# Continuous Boarding

## Introduction

Last year, after an eighteen month review of the usefulness of the boarding restriction, the Commission voted to repeal it. The boarding restriction was first imposed when the initial excursion gambling boats were licensed in May 1994. The Commission's review was prompted by its reservations about the value of the boarding restriction. In addition, in January 1998, the *Joint Committee on Gaming and Wagering* recommended that the boarding restriction be revised to be consistent with the laws enacted to regulate riverboat gambling.<sup>19</sup> The Committee suggested that the revisions should ensure the public safety and provide economic benefits to the citizens of the state.

## Effect of Continuous Boarding

Continuous boarding did not materially increase gaming revenue for the Missouri casinos as a whole. However, it did provide some benefit on an isolated basis. The most significant effect of opening boarding was the increase in admission fees experienced by all the casinos.

Continuous boarding is most helpful to single-boat facilities, particularly those located outside major metropolitan areas. Casinos in Caruthersville and St. Joseph realized a significant increase in gaming revenue. This increase is particularly helpful for the Aztar casino in Caruthersville, which had endured several years of negative cash flow and is now becoming profitable.

The rule change also saved the President from becoming an unprofitable operation when Illinois allowed it direct competitor, the Casino Queen, to continuously board patrons last June. The Commission's decision to amend its rules to allow continuous boarding clearly mitigated some of the damage from Illinois' move to continuous boarding and dockside gaming. In the Kansas City market, Argosy and Hilton benefited from some gaming revenue diversion from Harrah's and Station, especially in the table games sector.

Time has provided ample evidence that the Commission's predictions that continuous boarding would allow for better regulatory compliance,

<sup>19</sup> The Committee found that "the boarding time restriction is a regulatory matter. This restriction was implemented by the Gaming Commission by policy and is not required by statute." Joint Committee on Gaming and Wagering Annual Report, 1998, page 6.

The state and home dock communities were the real winners from a financial perspective. Continuous boarding generated approximately \$20 million in additional admission fees for the state and home dock communities.

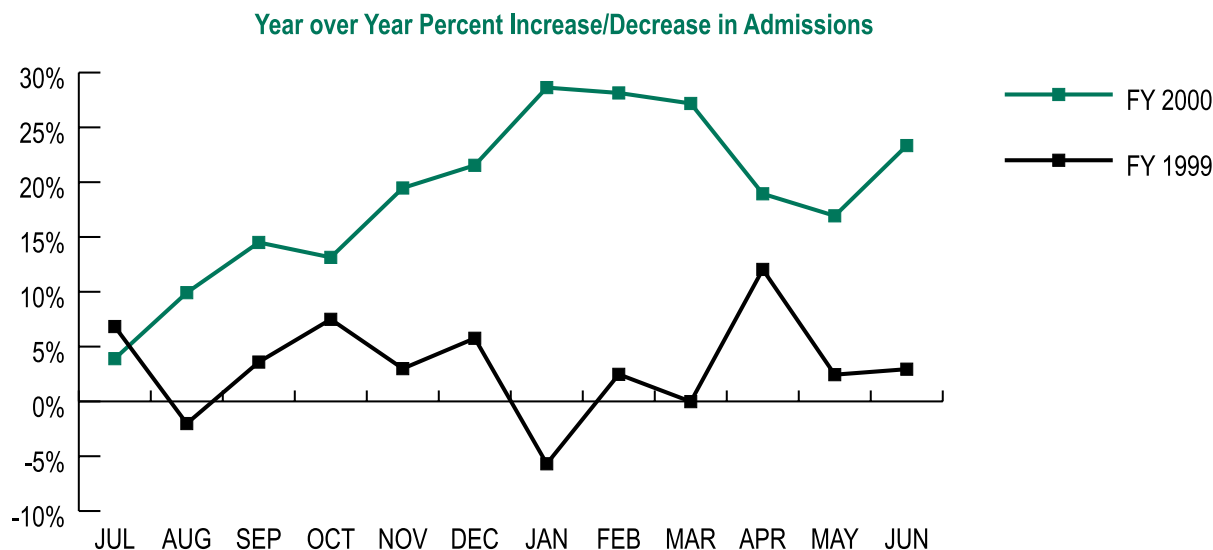
operating efficiency, customer safety and convenience were accurate. New procedures to enforce the loss limit make the boarding restriction unnecessary. The new system provides Commission agents with an effective means to perform undercover sting operations to verify loss limit compliance. These investigations resulted in the imposition of \$660,000 in fines against casino companies and have heightened the awareness of the importance of enforcing the loss limit.<sup>20</sup>

Furthermore, the electronic systems implemented to enforce the loss limit in a continuous boarding environment provide the Commission with excellent data to monitor loss limit compliance. It is important to note that the data indicates that less than 1% of casino patrons ever buy in for the full \$500 during a gambling excursion. Therefore, while much attention is focused on the loss limit, it is clearly a law that few people even attempt to violate.

Casino customers offer the best evidence of the success of continuous boarding. The rule change has nearly eliminated complaints about boarding procedures.<sup>21</sup> While the Commission occasionally receives a complaint about the requirement to produce photo identification in order to

<sup>20</sup> Some licensees have appealed these fines and the cases are currently pending before a hearing officer. In addition to the fines, the Commission has suspended a number of occupational licenses for failing to properly enforce the loss limit.

<sup>21</sup> Bill Sinclair testified that “There is no logic, of course, from a customer standpoint. Believe me there’s nothing less tourist friendly than someone have to make a phone call to find out if they can get on a facility and then finding out, ‘well you can in an hour and half from now because you couldn’t get there in time.’” Edward Corbet said that “What I want to emphasize is that an hour and twenty minutes is just too long to sit around and wait for things to happen.” Kathy Franke stated that she feels “like I’m being put in a corral of cattle” waiting to get into the casino. Finally, Marly Yance testified that she wanted to “change the outdated, unnecessary and inconvenient boarding restrictions. We’re not children and we shouldn’t be treated that way.” From Missouri Gaming Commission transcripts of public hearings on the boarding restriction.



obtain a boarding card, these occurrences are surprisingly rare. The photo identification requirement is necessary to enforce the loss limit and helps protect against minors accessing the casino. It is also an important component of enforcing the Commission's voluntary exclusion program for problem gamblers.

The continuous boarding procedure has helped make important improvements in licensee's ability to comply with regulatory requirements regarding the restriction of minors, intoxicated patrons and problem gamblers. Because the patron flow is more consistent, casino employees are given more time to do their jobs properly rather than facing the "herding" environment experienced under restricted boarding.

The state and home dock communities were the real winners from a financial perspective. Continuous boarding generated approximately \$20 million in additional admission fees for the state and home dock communities. The state portion of the admission fee is used to pay for the cost of regulation, early childhood education programs, the Missouri National Guard, programs for war veterans, college student loans, the homeless and to deter gang violence.



The increase in admissions is attributed to the significant jump in the the average number of admissions each visitor generates. The reason for the increase is explained by simple math. Prior to continuous boarding, visitors were required to enter the casino near the beginning of a two-hour cruise. Since the average patron visit is approximately 3.5 hours, few patrons would register more than two admission fees.

Under the continuous boarding environment, visitors can enter the casino at anytime during a two-hour cruise. Therefore, assuming patrons enter the casino, on average, exactly half way into a gaming session, they will register their first, and subsequent stay-over admission sooner, naturally resulting in more admissions.<sup>22</sup> Visitors can now be on the casino for only a few minutes and register two admissions, if they enter a few minutes before a gaming session begins.

<sup>22</sup> For example, under restricted boarding where gaming sessions begin at 12:00, 2:00 and 4:00, patrons wishing to attend the 12:00 session would have to enter by 12:45. Because restricted boarding forces patrons who arrived after the last boarding time to queue at the entry, most patrons enter during the first 15 minutes of a session. If a patron who entered at 12:15 stayed 3.5 hours, he would exit at 3:45, requiring the casino to pay two \$2 admission fees. However, if the same patron enters the casino at 1:50 under a continuous boarding environment and stays for 3.5 hours, he would leave at 4:20, requiring the casino to pay three \$2 admission fees.